



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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IRS – Criminal Investigation

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### **North Carolina Man Sentenced to Prison in Fraudulent U.S. Treasury Check Scheme**

A Smithfield, North Carolina man was sentenced today to 20 months in prison for conspiring to defraud the government and commit theft of public money, announced Principal Deputy Assistant Attorney General Caroline D. Ciralo, head of the Justice Department's Tax Division.

According to documents filed with the court and court proceedings, Oscar Barahona Fiallos owned and operated a tax preparation business in Smithfield under the names El Caracol Inc. and Oscar's Income Tax Service. In 2011 and 2012, Fiallos cashed large numbers of U.S. Treasury checks issued as a result of fraudulent tax returns filed with the Internal Revenue Service (IRS) in the names of third parties. The checks were provided to Fiallos by co-conspirators and Fiallos never met the third-party payees, who purportedly lived in New York, New Jersey and North Carolina. Fiallos deposited the checks into his bank account and then provided co-conspirators with cash equal to the value of the check, minus a check cashing fee. After a bank account was closed, Fiallos obtained a check cashing license so that he could continue cashing checks for his co-conspirators. He also prepared Individual Taxpayer Identification Number applications and false tax returns for third parties he did not meet and who did not sign the documents. Fiallos agreed that the intended loss to the IRS was more than \$2.8 million.

Fiallos pleaded guilty on Feb. 18 to one count of a conspiring to defraud the United States and commit theft of public money. In addition to his prison sentence, Fiallos was ordered to serve three years of supervised release and pay restitution to the IRS in the amount of \$2.8 million.

Principal Deputy Assistant Attorney General Ciralo commended special agents of IRS-Criminal Investigation, who conducted the investigation and Trial Attorneys Lauren M. Castaldi and Nathan P. Brooks of the Tax Division, who are prosecuting this case. Principal Deputy Assistant Attorney General Ciralo also thanked the U.S. Attorney's Office for the Eastern District of North Carolina for their assistance.

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